

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2741 - HB 3688**

February 16, 2010

**SUMMARY OF BILL:** Creates a scholarship program for students who have an annual household income less than 2.5 times the income standard for eligibility for the federal free and reduced price lunch program, reside in Tennessee, and were eligible to attend a public K-12 school in the preceding semester or starting school for the first time. Eligible students may attend a participating school until graduation from high school or reaching 21 years of age. Participant schools include another school within the same local education agency (LEA), a public charter school, or a private school.

Creates guidelines for the awarding of scholarships to students. Waives tuition at participating private schools beyond the scholarship amount for those students who qualify for free and reduced price lunch. Requires the Department of Education (DOE) to keep state BEP dollars that would have been generated by the student and given to the LEA if the scholarship amount is less than the amount needed for tuition.

Creates participation eligibility requirements for non-public K-12 schools. Requires DOE to create a standard application form to be used for admission into a private school and to send participating schools student records in accordance with federal law. Sets forth provisions to disqualify private schools from program participation.

Creates a pilot program consisting of one public elementary school, one middle school, and one high school that is in the LEA that has failed to meet adequate yearly progress for the greatest number of years. The schools that are chosen shall be the ones that have failed to meet AYP requirements for the greatest number of years.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Not Significant**

**Increase Local Expenditures – Not Significant**

**Other Fiscal Impact – Federal funds will not be utilized for this program. BEP funding will shift to the public or private schools where participating students transfer. This shift in funds is estimated to be approximately \$3,928,900.**


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Assumptions:

- The pilot program will take place in the Memphis City Schools.
- The average daily membership (ADM) of the three schools that have been failing for the greatest number of years will be chosen. For this estimate, the three schools in each category with the highest ADM have been used.
- The total ADM of the three schools is approximately 1,892 students. It is estimated that approximately 20 percent of the total ADM or approximately 378 students will participate.
- The per pupil expenditure in Memphis City Schools is approximately \$10,394. BEP funding will shift to the public or private school where a participating student transfers. The total shift in funds will be approximately \$3,928,932 (378 x \$10,394).
- Participant schools participate in the program voluntarily. As such, they have knowledge of the maximum scholarship amount for which students may apply.
- Any difference in the scholarship amount and the public or private school tuition for those students qualifying for free and reduced price lunch will be waived by the school.
- Any difference in scholarship amount for students who do not qualify for free or reduced price lunch will be paid by the student. Participant schools may waive this fee.
- Based on the percentage of students on free or reduced price lunch currently attending the three participant schools, it is assumed that 100 percent of the students choosing to go to participate will be on the free or reduced price lunch program.
- Any increase in state or local expenditures to notify students of this program are estimated to be not significant.
- Memphis City Schools will not be required to provide transportation; therefore, there will not be an increase in state or local expenditures for this purpose.
- The Department of Education will not hire additional personnel to perform administration duties related to the pilot program.
- All participating children will be counted in their home district for the purpose of ADM.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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